

**CITY OF OSKALOOSA**

**INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS**

**June 30, 2009**

# CITY OF OSKALOOSA

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# CITY OF OSKALOOSA

## CITY OFFICIALS

June 30, 2009

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
David Dixon . . . . .	Mayor . . . . . (Resigned 8/17/09)	Jan 2010
Pamela Blomgren . . . . .	Council Member . . . . .	Jan 2012
Tim Jimenez . . . . .	Council Member . . . . .	Jan 2012
Jimmy Carter . . . . .	Council Member . . . . .	Jan 2010
Janet VanDerBeek . . . . .	Council Member . . . . .	Jan 2010
Aaron Ver Steeg . . . . .	Council Member . . . . .	Jan 2010
Wesley Wills . . . . .	Council Member . . . . .	Jan 2010
Lori Smith . . . . .	Council Member . . . . .	Jan 2012
Brian James . . . . .	City Manager . . . . .	2/11/08 - 1/19/09
Michael Schrok, Jr. . . . .	City Manager . . . . .	6/15/09 - Indefinite
Randy DeGeest. . . . .	Acting City Manager . . . . .	1/26/09 - 6/15/09
Marilyn Miller . . . . .	City Clerk - Finance Director . . . . .	Indefinite
Randy DeGeest . . . . .	City Attorney . . . . . (Resigned Jul 20 2009)	Indefinite
Elizabeth Finarty . . . . .	City Engineer	
David Neubert . . . . .	Public Works Director	
Laura Russell . . . . .	Acting Community Development Director	
Mark Neff . . . . .	Fire Chief	
John McGee . . . . .	Police Chief	
Suzann Holland . . . . .	Library Director	



## MARTENS & COMPANY, CPA, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
4949 Pleasant Street, Suite 104  
West Des Moines, Iowa 50266

(515)-223-4841  
FAX: (515)-223-0851

### Independent Auditor's Report

To the Honorable Mayor and  
Members of the City Council:

We have audited the accompanying primary government financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Oskaloosa, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements of the primary government as listed in the table of contents. These financial statements are the responsibility of the City of Oskaloosa's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

The financial statements referred to above include only the primary government of the City of Oskaloosa, which consists of all funds, organizations, institutions, agencies, departments and offices that comprise the City's legal entity. The financial statements do not include financial data for the City's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the City's primary government. As a result, the primary government financial statements do not purport to and do not present fairly, respective cash basis financial position for the year ended as of June 30, 2009, and respective changes in cash basis financial position of the City of Oskaloosa, in conformity with the basis of accounting described in Note 1. Separate audit reports are issued by the respective component units.

In our opinion, the primary government financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the primary government of the City of Oskaloosa, as of June 30, 2009 and the respective changes in cash basis financial position thereof for the year ended June 30, 2009 in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2009 on our consideration of the City of Oskaloosa's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 5 through 11 and budgetary comparison information on pages 32 through 33 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the primary government financial statements that collectively comprise the City of Oskaloosa's basic financial statements. We previously audited in accordance with the standards for the two years ended June 30, 2008 (which is not presented herein) and expressed unqualified opinions on those primary government financial statements which were prepared in conformity with an other comprehensive basis of accounting. The financial statements for the three years ended June 30, 2006 (which are not presented herein) were audited by other auditors who expressed unqualified opinions on those primary government financial statements which were prepared in conformity with an other comprehensive basis of accounting. Other supplementary information included in schedules 1 through 7, is presented for purposes of additional analysis and is not a required part of the primary government financial statements. Such information has been subjected to the auditing procedures applied in our audit of the primary government financial statements, and in our opinion, is fairly stated in all material respects in relation to the primary government financial statements taken as a whole.

The information identified in the table of contents as miscellaneous statistical data is presented for purposes of additional analysis and is not a required part of the primary government financial statements. This information has not been subjected to the auditing procedures applied in the audit of the primary government financial statements and, accordingly, we express no opinion on it.

*Martens & Company, CPA, LLP*

West Des Moines, Iowa  
October 21, 2009

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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It is an honor to present to you the financial activities of the City of Oskaloosa, Iowa. We offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Oskaloosa, Iowa for the fiscal year ended June 30, 2009. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

### FINANCIAL HIGHLIGHTS

- The cash and investments of the City at the close of the most recent fiscal year are \$9,142,332 compared to \$10,096,513 as of June 30, 2008.
- The government's total cash and investments decreased by \$954,181.
- The City's total long-term debt, excluding compensated absences, decreased by approximately \$1,582,000 during the fiscal year ended June 30, 2009.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This Discussion and Analysis is intended to serve as an introduction to the City of Oskaloosa's financial statements and provides an analytical overview of the City's financial activities. The City's financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to financial statements. This report also contains other supplementary information in addition to the financial statements themselves.

**Government-wide financial statements** - The government-wide financial statement is designed to provide readers with a broad overview of the City's finances. The statement of activities and changes in cash and investment balances presents information showing how the City's cash and investment balance changed during the most recent fiscal year.

The government-wide financial statements distinguish functions of the City that are principally supported by taxes (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, culture and recreation, community and economic development, capital projects and debt service. The business-type activities of the City include the sanitary sewer, airport, Edmundson Golf Course, stormwater and RACI Main Street loans.

The government-wide financial statements include only the primary government of the City. (See Note 1.B)

**Fund financial statements** - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

**Governmental funds** - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statement. Governmental fund information determines whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The City maintains numerous governmental funds. Information is presented separately in the statement of cash receipts, cash disbursements and changes in cash and investment balances for each major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

**Proprietary funds** - The City maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statement. The City maintains five enterprise funds. The proprietary fund financial statements provide separate information for the Sanitary Sewer Fund, as this fund is considered to be a major fund of the City. Data from the other four enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of these non major enterprise funds is provided in the form of combining statements elsewhere in this report.

Internal service funds are an accounting device used to accumulate and allocate internally among the City's various functions. The City maintains two internal service funds.

**Notes to financial statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The combining statements referred to earlier in connection with nonmajor governmental funds and nonmajor enterprise funds are presented following the notes to financial statements.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, the City reports the activities of the funds using the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). The City does not report capital assets or depreciation on those assets as would be required by GAAP.

Table 1 highlights the City's receipts and disbursements for the fiscal years ended June 30, 2009 and 2008.

Receipts are further divided into two major components: program receipts and general receipts. Program receipts are defined as charges for services and sales, operating and capital grants and contributions. General receipts include taxes and other unrestricted revenue sources.

The City's cash balance for governmental activities decreased from a year ago from \$8.5 million to \$7.6 million. Our analysis below focuses on this change in cash balance and changes in receipts and disbursements from the prior year.

The City's total receipts for governmental activities decreased by 30.0 percent or \$3.79 million. The total disbursements of all programs and services decreased by approximately \$1,027,000 or 9.5 percent. The significant decrease in receipts was primarily the result of no bonds issued this year. The decrease in disbursements was primarily the result of reduced debt service payments because of retired debt in the prior year.

Table 1 - City of Oskaloosa's Changes in Cash and Investment Balances  
(Expressed in Thousands)  
Year ended June 30, 2009

	Governmental Activities 2009	Business Type Activities 2009	Total 2009
Receipts:			
Program receipts:			
Charges for service	\$ 477	\$ 1,960	\$ 2,437
Operating grants, contributions and restricted interest	1,721	248	1,969
Capital grants, contributions and restricted interest	419	207	626
General receipts:			
Property taxes	4,093	-	4,093
Other taxes	1,744	-	1,744
Investment earnings	228	3	231
Bond and note proceeds	-	- 5	5
Other general receipts	177	20	197
Total receipts	<u>8,859</u>	<u>2,443</u>	<u>11,302</u>
Disbursements:			
Public safety	2,357	-	2,357
Public works	1,356	-	1,356
Culture and recreation	1,110	-	1,110
Community and economic development	1,607	-	1,607
General government	511	-	511
Debt service	1,398	-	1,398
Capital projects	1,423	-	1,423
Sewer	-	1,826	1,826
Airport	-	321	321
Edmundson Golf Course	-	247	247
Stormwater	-	101	101
Total disbursements	<u>9,762</u>	<u>2,495</u>	<u>12,257</u>
Decrease in cash and investments before transfers	(903)	(52)	(955)
Transfers, net	<u>7</u>	<u>(7)</u>	<u>-</u>
Decrease in cash and investments	(896)	(59)	(955)
Cash and investments, beginning	<u>8,534</u>	<u>1,563</u>	<u>10,097</u>
Cash and investments, ending	<u>\$ 7,638</u>	<u>\$ 1,504</u>	<u>\$ 9,142</u>



Table 1 - City of Oskaloosa's Changes in Cash and Investment Balances  
(Expressed in Thousands)  
Year ended June 30, 2008

	Governmental Activities 2008	Business Type Activities 2008	Total 2008
Receipts:			
Program receipts:			
Charges for service	\$ 481	\$ 1,859	\$ 2,340
Operating grants, contributions and restricted interest	1,806	269	2,075
Capital grants, contributions and restricted interest	22	552	574
General receipts:			
Property taxes	3,966	-	3,966
Other taxes	1,745	-	1,745
Investment earnings	319	3	322
Bond and note proceeds	4,065	-	4,065
Other general receipts	241	21	262
Total receipts	<u>12,645</u>	<u>2,704</u>	<u>15,349</u>
Disbursements:			
Public safety	2,437	-	2,437
Public works	1,259	-	1,259
Culture and recreation	1,010	-	1,010
Community and economic development	1,677	-	1,677
General government	594	-	594
Debt service	2,768	-	2,768
Capital projects	1,044	-	1,044
Sewer	-	2,149	2,149
Airport	-	648	648
Edmundson Golf Course	-	233	233
Stormwater	-	27	27
Total disbursements	<u>10,789</u>	<u>3,057</u>	<u>13,846</u>
Increase (decrease) in cash and investments before transfers	1,856	(353)	1,503
Transfers, net	<u>14</u>	<u>(14)</u>	<u>-</u>
Increase (decrease) in cash and investments	1,870	(367)	1,503
Cash and investments, beginning	<u>6,664</u>	<u>1,930</u>	<u>8,594</u>
Cash and investments, ending	<u>\$ 8,534</u>	<u>\$ 1,563</u>	<u>\$ 10,097</u>

The City decreased the total property tax rates in 2009 by 5.2 percent. The City's tax receipts from the tax levy increased by approximately \$127,000 in 2009. The increase is due to an increase in the total property valuations.

The City increased the total property tax rates in 2008 by .9 percent. The City's tax receipts from the tax levy increased by approximately \$80,000 in 2008. The increase is due to an increase in the total property valuations.

Table 2 below discloses cost of services for Governmental Activities. The total cost of services column contains all costs related to the programs and the net cost column shows how much of the total amount is not covered by program revenues. Succinctly put, net costs are costs that must be covered by local taxes or other general revenue or transfers.

Table 2 - Governmental Activities

Programs	Total Cost of Services 2009	Net Cost of Services 2009	Total Cost of Services 2008	Net Cost of Services 2008
General government	\$ 510,979	\$ 289,295	\$ 594,454	\$ 349,313
Public safety	2,357,418	2,107,386	2,437,104	2,255,016
Public works	1,355,592	422,328	1,259,358	41,836
Culture and recreation	1,109,723	838,015	1,010,016	759,558
Community and economic development	1,606,826	1,089,828	1,676,546	1,287,118
Debt service	1,398,181	1,393,911	2,768,353	2,766,036
Capital projects	1,423,322	1,003,393	1,043,672	1,020,923
Total	<u>\$ 9,762,041</u>	<u>\$ 7,144,156</u>	<u>\$10,789,503</u>	<u>\$ 8,479,800</u>

Net cost of services is 73% and 79% of total cost of services in 2009 and 2008, respectively. This reflects a continued reliance on taxes and other general revenue sources to fund the cost of services.

**Business-type activities** - Business-type activities decreased the City of Oskaloosa's cash and investments by \$77,785. Key elements of this decrease are as follows:

- The Sanitary Sewer Fund recorded a decrease of \$226,274 in cash and investments for the year due to major equipment purchases.
- Total business type activities' revenue for the fiscal year was approximately \$2.44 million compared to \$2.70 million for 2008. For 2009, all but \$28,500 of this revenue was generated for specific business-type activity expenses. This significant decrease was due primarily to the reduced amount of Government Grant Funds received on the Airport Project.
- The Airport activity recorded an increase of \$33,868 in cash and investments for the year. The increase is due to increased rents received in the current year.
- The Edmundson Golf Course activity recorded a decrease of \$1,477 due to decreased revenues and increased operating costs.
- The Storm Water Fund recorded an increase of \$115,388 due to a full year of charges for services this year.
- The RACI Main Street Loans Fund recorded an increase in cash and investments of \$710 for the year due to no operating costs this year.

## **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's funds is to provide information on near-term inflows, outflows and cash balances of spendable resources. On the following page are the major reasons for the changes in cash and investment balances from the prior year for the City's major funds.

### **Governmental Funds**

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the cash and investment balance of the General Fund was \$1,564,526, an increase of \$51,755 from the prior year. This increase was due to increased property tax collections.

The Road Use Tax Fund cash and investment balance decreased by \$338,954 to \$456,574 during the fiscal year. This decrease was due to increased street maintenance costs.

The Library Maintenance Fund was established by the Local Option Sales and Service Tax Referendum to maintain the Library in future years. The funds are from the Local Option Sales and Service Tax with only interest proceeds from those funds to be expended. At the end of the fiscal year, the cash and investment balance was \$1,230,248, an increase of \$19,824.

The Local Option Sales and Service Tax Revenue Fund had no cash and investment balance in the current or prior year.

The Debt Service Fund had an increase of \$24,143 for an ending cash and investment balance of \$150,593. The increase was due to interest received exceeding amounts budgeted.

The Employee Benefits Fund had an increase of \$14,033 for an ending cash and investment balance of \$98,326.

The Capital Projects Funds had a decrease of \$997,382 for an ending cash and investment balance of \$2,711,496 due to work on projects nearing completion.

### **Proprietary Funds**

The cash and investment balance of the Sanitary Sewer Fund decreased \$226,274 to \$1,244,417, due primarily to the purchase of a jet/vac truck.

## **BUDGETARY HIGHLIGHTS**

In accordance with the Code of Iowa, the City Council annually adopts a budget following required public notice and hearings for all funds. Although the budget document presents functional disbursements by fund, the legal level of control is at the aggregated function level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Over the course of the year, the City amended its operating budget twice. The amendments resulted in a decrease in operating disbursements related to various projects. The second amendment was to increase the amount needed in the public works function paid from Road Use Tax Funds. The City had sufficient cash and investment balances and revenue to cover the budget amendments.

## **DEBT ADMINISTRATION**

At year-end, the City had approximately \$12,905,000 in bonds and other long-term debt compared to approximately \$14,488,000 last year as shown below:

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Outstanding Debt at Year-End (Expressed in Thousands)

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	2009	2008
General obligation bonds	\$ 3,385	\$ 3,790
General obligation notes	4,105	4,775
Revenue bonds and capital loan notes	5,351	5,833
Capital leases	64	90
Total	<u>\$ 12,905</u>	<u>\$ 14,488</u>

Debt decreased as a result of scheduled bond payments.

The City's general obligation bond rating has been A2 since 1999. The Constitution of the State of Iowa limits the amount of general obligation debt that cities can issue to five percent of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of \$7,490,000 is well below the City's \$23.8 million debt limit.

More detailed information about the City's long-term liabilities is presented in Note 4 to the financial statements.

#### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The City's elected and appointed officials and citizens considered many factors when setting the 2010 fiscal year budget. One of those factors is the economy. Unemployment in Mahaska County now stands at 6.7 percent versus 4.4 percent in 2008. This compares with the state's unemployment rate of 6.2 percent.

These indicators were taken into account when adopting the budget for 2010. Budgeted capital project disbursements are expected to rise approximately \$1.68 million. If these estimates are realized, the City's budgeted cash balance is expected to decrease approximately \$2.1 million by the close of 2010.

#### **REQUESTS FOR INFORMATION**

These financial statements and discussions are designed to provide our citizens, taxpayers, investors and creditors with a complete disclosure of the City's finances and to demonstrate a high degree of accountability for the public dollars entrusted to us. If you have questions about this report or need additional information, please write Marilyn Miller, Finance Director, 220 South Market Street, Oskaloosa, Iowa 52577.

## **Basic Financial Statements**

CITY OF OSKALOOSA

Statement of Activities and Net Assets - Cash Basis

As of and for the year ended June 30, 2009

	Disbursements	Program Receipts			Net (Disbursements)Receipts and Changes in Cash Basis Net Assets		
		Charges for Service	Operating Grants, Contributions, and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
<b>Functions/Programs:</b>							
Governmental activities:							
Public safety	\$ 2,357,418	\$ 63,143	\$ 186,889	\$ -	\$(2,107,386)	\$ -	\$ (2,107,386)
Public works	1,355,592	2,679	930,585	-	(422,328)	-	(422,328)
Culture and recreation	1,109,723	107,466	164,242	-	(838,015)	-	(838,015)
Community and economic development	1,606,826	95,791	421,207	-	(1,089,828)	-	(1,089,828)
General government	510,979	203,704	17,980	-	(289,295)	-	(289,295)
Debt service	1,398,181	4,270	-	-	(1,393,911)	-	(1,393,911)
Capital projects	1,423,322	-	-	419,929	(1,003,393)	-	(1,003,393)
Total governmental activities	9,762,041	477,053	1,720,903	419,929	(7,144,156)	-	(7,144,156)
Business-type activities:							
Sanitary sewer	1,825,777	1,559,848	36,342	-	-	(229,587)	(229,587)
Other	669,720	400,091	211,856	207,307	-	149,534	149,534
Total business-type activities	2,495,497	1,959,939	248,198	207,307	-	(80,053)	(80,053)
Total	\$12,257,538	\$2,436,992	\$1,969,101	\$ 627,236	(7,144,156)	(80,053)	(7,224,209)
General receipts:							
Property taxes levied for:							
General purposes					3,169,813	-	3,169,813
Debt service					923,642	-	923,642
Tax increment financing					557,391	-	557,391
Local option sales tax					946,089	-	946,089
Other taxes					240,229	-	240,229
Unrestricted investment earnings					227,500	3,266	230,766
Issuance of debt					-	5,000	5,000
Miscellaneous					2,217	20,241	22,458
Sale of capital assets					174,640	-	174,640
Transfers					6,696	(6,696)	-
Total general receipts and transfers					6,248,217	21,811	6,270,028
Change in cash basis net assets					(895,939)	(58,242)	(954,181)
Cash basis net assets, beginning of year					8,533,884	1,562,629	10,096,513
Cash basis net assets, end of year					\$ 7,637,945	\$ 1,504,387	\$ 9,142,332
Cash Basis Net Assets							
Restricted:							
Streets					\$ 456,574	\$ -	\$ 456,574
Urban renewal purposes					1,230,248	-	1,230,248
Debt service					150,593	566,947	717,540
Other purposes					3,620,715	-	3,620,715
Unrestricted					2,179,815	937,440	3,117,255
Total cash basis net assets					\$ 7,637,945	\$ 1,504,387	\$ 9,142,332

See notes to financial statements.

CITY OF OSKALOOSA

Statement of Cash Receipts, Disbursements and Changes in Cash and Investment Balances  
Governmental Funds

As of and for the year ended June 30, 2009

	Special Revenue								
	General	Road Use Tax	Library Maintenance	Local Option Sales and Service Tax Revenue	Employee Benefits	Debt Service	Capital Projects	Nonmajor	Total
Receipts:									
Property tax	\$ 2,261,591	\$ -	\$ -	\$ -	\$ 837,550	\$ 923,642	\$ -	\$ 70,672	\$ 4,093,455
Tax increment financing	-	-	-	-	-	-	-	557,391	557,391
Other City tax	85,051	-	-	946,089	31,527	32,964	-	90,687	1,186,318
Licenses and permits	258,457	-	-	-	-	-	-	-	258,457
Use of money and property	43,577	-	62,592	-	2,420	84,440	4,561	26,305	223,895
Intergovernmental	199,408	915,737	-	-	-	-	300,585	191,360	1,607,090
Charges for service	134,973	-	-	-	-	-	-	7,585	142,558
Special assessments	-	-	-	-	-	4,270	2,825	-	7,095
Miscellaneous	60,576	-	-	-	-	-	111,958	408,779	581,313
Total receipts	3,043,633	915,737	62,592	946,089	871,497	1,045,316	419,929	1,352,779	8,657,572
Disbursements:									
Operating:									
Public safety	2,299,486	-	-	-	-	-	-	57,932	2,357,418
Public works	109,590	1,254,691	-	-	-	-	-	13,835	1,378,116
Culture and recreation	829,323	-	42,768	-	-	-	-	237,632	1,109,723
Community and economic development	73,153	-	-	946,089	-	-	-	596,846	1,616,088
General government	616,803	-	-	-	-	-	-	-	616,803
Debt service	-	-	-	-	-	1,398,181	-	-	1,398,181
Capital projects	-	-	-	-	-	-	1,423,322	-	1,423,322
Total disbursements	3,928,355	1,254,691	42,768	946,089	-	1,398,181	1,423,322	906,245	9,899,651
Excess (deficiency) of receipts over (under) disbursements	(884,722)	(338,954)	19,824	-	871,497	(352,865)	(1,003,393)	446,534	(1,242,079)
Other financing sources (uses):									
Sale of capital assets	2,399	-	-	-	-	-	2,414	169,827	174,640
Operating transfers in	938,277	-	-	-	-	380,598	3,597	31,667	1,354,139
Operating transfers out	(4,199)	-	-	-	(857,464)	(3,590)	-	(482,190)	(1,347,443)
Total other financing sources (uses)	936,477	-	-	-	(857,464)	377,008	6,011	(280,696)	181,336
Net change in cash and investment balances	51,755	(338,954)	19,824	-	14,033	24,143	(997,382)	165,838	(1,060,743)
Cash and investment balances, beginning of year	1,512,771	795,528	1,210,424	-	84,293	126,450	3,708,878	645,055	8,083,399
Cash and investment balances, end of year	\$1,564,526	\$ 456,574	\$1,230,248	\$ -	\$ 98,326	\$ 150,593	\$ 2,711,496	\$ 810,893	\$ 7,022,656
Cash Basis Fund Balances:									
Reserved:									
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 150,593	\$ -	\$ -	\$ 150,593
Unreserved:									
General fund	1,564,526	-	-	-	-	-	-	-	1,564,526
Special revenue funds	-	456,574	1,230,248	-	98,326	-	-	810,893	2,596,041
Capital projects fund	-	-	-	-	-	-	2,711,496	-	2,711,496
Total cash basis fund balances	\$1,564,526	\$ 456,574	\$1,230,248	\$ -	\$ 98,326	\$ 150,593	\$ 2,711,496	\$ 810,893	\$ 7,022,656

See notes to financial statements.

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CITY OF OSKALOOSAReconciliation of the Statement of Cash Receipts,  
Disbursements and Changes in Cash and Investment Balances  
to the Statement of Activities and Net Assets  
*Governmental Funds*

As of and for the year ended June 30, 2009

**Total governmental funds cash and investment balances (page 13)** \$ 7,022,656*Amounts reported for governmental activities in the Statement of Activities  
and Net Assets are different because:*

The Internal Service Fund is used by management to charge the costs of employee flex plan, health benefits and copier usage to individual funds. A portion of the assets of the Internal Service Fund are included in governmental activities in the statement of activities and net assets.

615,289**Cash basis net assets of governmental activities (page 12)**\$ 7,637,945**Net change in cash and investment balances (page 13)****\$(1,060,743)***Amounts reported for governmental activities in the Statement of Activities  
and Net Assets are different because:*

The Internal Service Fund is used by management to charge the costs of employee flex plan, health benefits and copier usage to individual funds. A portion of the change in net assets of the Internal Service Fund is reported with governmental activities.

164,804**Change in cash and investment balances of governmental activities (page 12)**\$ (895,939)

See notes to financial statements.



## CITY OF OSKALOOSA

Statement of Cash Receipts, Disbursements and  
Changes in Cash and Investment Balances  
*Proprietary Funds*

As of and for the year ended June 30, 2009

	Business-Type Activities Enterprise Funds			
	Sanitary Sewer	Nonmajor Enterprise Funds	Total	Internal Service Funds
Operating receipts:				
Charges for services	\$ 1,556,124	\$ 400,091	\$1,956,215	\$ 798,630
Use of money and property	36,342	211,856	248,198	8,637
Special assessments	3,724	-	3,724	-
Miscellaneous	-	-	-	48,585
Total operating receipts	1,596,190	611,947	2,208,137	855,852
Operating disbursements:				
Business type activities	1,169,058	423,590	1,592,648	-
Nonprogram	-	-	-	671,505
Total operating disbursements	1,169,058	423,590	1,592,648	671,505
Excess of operating receipts over operating disbursements	427,132	188,357	615,489	184,347
Non-operating receipts (disbursements):				
Intergovernmental	-	207,307	207,307	-
Interest on investments	391	2,875	3,266	-
Miscellaneous	4,145	5,297	9,442	-
Sale of equipment	-	10,800	10,800	-
Capital projects	-	(218,218)	(218,218)	-
Issuance of debt	5,000	-	5,000	-
Debt service	(673,691)	(30,484)	(704,175)	-
Total non-operating receipts (disbursements)	(664,155)	(22,423)	(686,578)	-
Excess (deficiency) of receipts over (under) disbursements	(237,023)	165,934	(71,089)	184,347
Transfers:				
Operating transfers in	12,073	4,566	16,639	-
Operating transfers out	(1,324)	(22,011)	(23,335)	-
Net transfers	10,749	(17,445)	(6,696)	-
Net changes in cash and investment balances	(226,274)	148,489	(77,785)	184,347
Cash and investment balances, beginning of year	1,470,691	111,548	1,582,239	430,875
Cash and investment balances, end of year	\$1,244,417	\$ 260,037	\$1,504,454	\$ 615,222

## CITY OF OSKALOOSA

Statement of Cash Receipts, Disbursements and  
 Changes in Cash and Investment Balances - Continued  
*Proprietary Funds*

As of and for the year ended June 30, 2009

	Enterprise			Internal Service Funds
	Sanitary Sewer	Nonmajor Enterprise Funds	Total	
Cash Basis Fund Balances:				
Reserved for debt service	\$ 535,564	\$ -	\$ 535,564	\$ -
Unreserved	708,853	260,037	968,890	615,222
Total cash basis fund balances	<u>\$1,244,417</u>	<u>\$ 260,037</u>	<u>\$1,504,454</u>	<u>\$ 615,222</u>

See notes to financial statements.

## CITY OF OSKALOOSA

Reconciliation of the Statement of Cash Receipts, Disbursements and  
Changes in Cash and Investment Balances to the Statement of Activities and Net Assets  
*Proprietary Funds*

As of and for the year ended June 30, 2009

**Total enterprise funds cash and investment balances (page 15)** \$ 1,504,454

*Amounts reported for business type activities in the statement of activities  
and net assets are different because:*

The Internal Service Fund is used by management to charge the costs of employee health benefits and copier usage to individual funds. A portion of assets of the Internal Service Fund are included in the business type activities in the statement of net assets.

\_\_\_\_\_ (67)

**Cash basis net assets of business type activities (page 12)** \$ 1,504,387

**Net changes in cash and investment balances (page 15)** \$ (77,785)

*Amounts reported for business type activities in the statement of activities  
and net assets are different because:*

The Internal Service Fund is used by management to charge the costs of employee health benefits and copier usage to individual funds. An allocation of the change in net assets of the Internal Service Fund is reported with business type activities.

\_\_\_\_\_ 19,543

**Change in cash basis net assets of business type activities (page 12)** \$ (58,242)

See notes to financial statements.

# **CITY OF OSKALOOSA**

## **Notes to Financial Statements**

June 30, 2009

### **(1) NATURE OF OPERATIONS, REPORTING ENTITY, BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES**

#### **A. Nature of operations:**

The City of Oskaloosa, Iowa (City), is a political subdivision of the State of Iowa located in Mahaska County. It was first incorporated in 1853 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens including public safety, public works, culture and recreation, community and economic development and general government services. The City also provides an airport, golf course and sewer services.

#### **B. Reporting entity:**

Accounting principles generally accepted in the United States of America require the financial reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The City of Oskaloosa, Iowa is a municipal corporation and has the exclusive responsibility and accountability for the decisions it makes. The City has the statutory authority to adopt its own budget, to levy taxes and to issue bonded debt without the approval of another government. It has the right to sue and be sued, and has the right to buy, sell, lease or mortgage property in its own name. Based on these criteria, the City is considered a primary government.

The financial statements present only the City of Oskaloosa, Iowa (the primary government). The financial statements do not include the component units of the City. The entities discussed below are component units of the City because of the significance of their operational or financial relationship with the City. Complete financial statements of the individual component units, which issue separate audited financial statements, can be obtained from their respective administrative offices.

The Municipal Waterworks Utility is a separate legal entity. However, it is financially accountable to the City. The Utility is governed by a three-member board appointed by the Mayor and subject to approval by the City Council and its operating budget is subject to the approval of the City Council. The Municipal Waterworks issues separate audited cash basis financial statements with a fiscal year-end of June 30, which are available at their administrative office.

The Oskaloosa Municipal Housing Agency is a separate legal entity. However, it is financially accountable to the City. The Agency is governed by a five-member board appointed by the Mayor and subject to the approval by the City Council and its operating budget is subject to the approval of the City Council. The Oskaloosa Municipal Housing Agency issues separate audited financial statements with a fiscal year-end of September 30, which are available at their administrative office.

## CITY OF OSKALOOSA

### Notes to Financial Statements - Continued

June 30, 2009

#### (1) NATURE OF OPERATIONS, REPORTING ENTITY, BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

##### C. Basis of presentation:

The government-wide financial statement reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are supported by taxes and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The statement of activities and net assets presents the City's nonfiduciary net assets. Net assets are reported in two categories:

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets not meeting the definition of the preceding category. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

The statement of activities and net assets demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those that are clearly identifiable with a specific function. There are no indirect disbursements. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program receipts are reported instead as general receipts.

Fund Financial Statements - Separate financial statements are provided for governmental funds and proprietary funds. The focus of fund financial statements is on major funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor government funds.

The City reports the following major governmental funds:

The General Fund is the government's primary operating fund. All general tax receipts and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs not paid from other funds.

##### Special Revenue:

The Road Use Tax Fund is utilized to account for receipt of the allocation from the state of excise taxes on motor fuel and other transportation related sources, to be used for construction, maintenance and supervision of the public streets.

## **CITY OF OSKALOOSA**

### **Notes to Financial Statements - Continued**

June 30, 2009

#### **(1) NATURE OF OPERATIONS, REPORTING ENTITY, BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

##### **C. Basis of presentation - continued:**

The Library Maintenance Fund was established with Local Option Sales and Service Tax with the revenues from the tax to be used to preserve and maintain the library facility and its functions and equipment as renovated, expanded, established and reopened to the public in 1997.

The Local Option Sales and Service Tax Revenue Fund is utilized to account for the revenues from the State and Local Option Sales and Service Tax and the expenditure of those funds for the specific purpose as set forth in the referendum.

The Employee Benefits Fund is utilized to account for tax receipts expended for employee benefits.

The Debt Service Fund is utilized to account for payment of interest, principal and fees on the City's general long-term debt.

The Capital Projects Fund, is used in the acquisition and construction of capital facilities with the exception of those that are financed through enterprise funds.

The City reports the following major proprietary fund:

The Proprietary Fund types are used to account for a government's ongoing organizations and activities which are similar to those often found in the private sector.

The Sanitary Sewer Fund is used to account for operations of providing sanitary sewer services.

The City also reports the following additional proprietary funds:

The Internal Service Funds are used to finance and account for services and commodities provided by designated departments or agencies to other departments or agencies of the City on a cost-reimbursement basis.

##### **D. Significant accounting policies:**

The City of Oskaloosa maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

## CITY OF OSKALOOSA

### Notes to Financial Statements - Continued

June 30, 2009

#### (1) NATURE OF OPERATIONS, REPORTING ENTITY, BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

##### D. Significant accounting policies - continued:

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general receipts.

Property Taxes: All City property taxes must be certified to the Mahaska County Auditor on or before the fifteenth day of March of each year for the upcoming fiscal year which runs from July 1 to June 30. Property taxes are levied in June and attached as an enforceable lien on the property on July 1.

Property taxes levied for the year ending June 30, 2009, attached as an enforceable lien on July 1, 2008, with the first half installment being delinquent after September 30, 2008 and the second half installment being delinquent after March 31, 2009.

Investments: Investments are stated at cost. The City invests in the Iowa Public Agency Investment Trust which is a 2a7-like pool. The Iowa Public Agency Investment Trust is a common law trust established under Iowa Code law and is administered by an appointed investment management company. The fair value of the position in the trust is the same as the value of the shares.

Proprietary Funds: Enterprise funds apply all applicable GASB pronouncements as well as Financial Accounting Standards Board Statements and Interpretations, Accounting Principle Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 which do not conflict with or contradict GASB pronouncements and which apply to the comprehensive basis of accounting used.

Proprietary funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating receipts of the City's enterprise funds are charges to customers for sales and services. Operating disbursements for enterprise funds include the cost of sales and services and administrative expenses. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements.

#### (2) BUDGETS AND BUDGETARY ACCOUNTING

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds combined except for internal service funds. The annual budget may be amended during the year utilizing similar statutory prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements, known as functions, not by fund or fund type. These functions are public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, and business-type activities.

# CITY OF OSKALOOSA

## Notes to Financial Statements - Continued

June 30, 2009

### (2) BUDGETS AND BUDGETARY ACCOUNTING - CONTINUED

Appropriations as adopted or amended lapse at the end of the fiscal year.

### (3) DEPOSITS AND INVESTMENTS

The City's deposit and investment accounts as of June 30, 2009 consist of the following:

Deposit and Investment Type	Investment Maturities (in years)				
	Cost	Less than 1	1 to 5	6 to 10	More than 10
Petty cash	\$ 550	\$ -	\$ -	\$ -	\$ -
Checking, savings and money market	4,978,201	-	-	-	-
Debt securities	1,238,351	-	50,100	130,000	1,058,251
Iowa Public Agency Investment Trust	2,925,230	-	-	-	-
Total	\$ 9,142,332	\$ -	\$ 50,100	\$ 130,000	\$ 1,058,251

Interest rate risk: As a means of limiting its exposure to fair value losses arising from changing interest rates, the City's investment policy requires operating funds to be invested in instruments that mature within three hundred ninety-seven days. Operating funds are defined as funds which are reasonably expected to be expended during a current budget year or within fifteen months of receipt. All nonoperating funds may be invested in investments with maturities longer than three hundred ninety-seven days.

Authorized investments and credit risk: The City is authorized by statute to invest public funds not currently needed for operating expenses in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; commercial paper or other short-term commercial debt that mature within two hundred and seventy days and meet certain classification ratings; repurchase agreements with collateral consisting of investment obligations of the United States government; open-end management investment companies registered with the federal securities and exchange commission; and certain joint investments trusts. The City has no policy that would further limit its investment choices. The City's investment in the Iowa Public Agency Investment Trust is unrated.

As of June 30, 2009, the City's debt securities were rated as follows:

Investment type	Moody's Investor's Service	Standard & Poor's	Cost	Fair Value
FHLB	Aaa	AAA	\$ 100,600	\$ 99,719
FNMA	Aaa	AAA	402,885	401,050
FHLMC	Aaa	AAA	499,230	490,196
FFCB	Aaa	AAA	106,005	101,500
TVA	Aaa	AAA	129,631	124,360
			<u>\$ 1,238,351</u>	<u>\$ 1,216,825</u>



# CITY OF OSKALOOSA

## Notes to Financial Statements - Continued

June 30, 2009

### (3) DEPOSITS AND INVESTMENTS - CONTINUED

Concentration of credit risk: The City's general investment policy requires the Treasurer of the City of Oskaloosa to exercise the care, skill, prudence, and diligence under the circumstances then prevailing that a person acting in a like capacity and familiar with such matters would use to attain the investment objectives and to consider the role that each investment or deposit plays within the portfolio of assets of the City. More than 5 percent of the City's investments are in the Iowa Public Agency Investment Trust, FNMA, and FHLMC. These investments are 71 percent, 10 percent and 12 percent, respectively, of the City's \$4,163,851 total investments. All of the debt securities investments are reported in the Library Maintenance Fund and the Library Memorial Fund, both special revenue funds.

Custodial credit risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. As of June 30, 2009, the City's investments are held in the City's name. It is the City's policy to require that time deposits in excess of FDIC insurable limits be secured by collateral or private insurance to protect public deposits in a single financial institution if it were to default. Chapter 12c of the Code of Iowa requires all City funds be deposited into an approved depository and be either insured or collateralized. As of June 30, 2009, the City's deposits with financial institutions were entirely covered by federal depository insurance or insured by the state through pooled collateral, state sinking funds and by the state's ability to assess for lost funds.

### (4) LONG-TERM DEBT

The following is a summary of the changes in the outstanding long-term debt of the City for the year ended June 30, 2009:

	Balance June 30, 2008	Issued	Redeemed	Balance June 30, 2009
<b>Governmental Activities</b>				
General obligation bonds	\$ 3,790,000	\$ -	\$ 405,000	\$ 3,385,000
General obligation notes	4,775,000	-	670,000	4,105,000
	<u>\$ 8,565,000</u>	<u>\$ -</u>	<u>\$ 1,075,000</u>	<u>\$ 7,490,000</u>
<b>Business-Type Activities</b>				
Revenue bonds and capital loan notes	\$ 5,833,030	\$ 5,000	\$ 486,677	\$ 5,351,353
Capital leases	89,866	-	25,553	64,313
	<u>\$ 5,922,896</u>	<u>\$ 5,000</u>	<u>\$ 512,230</u>	<u>\$ 5,415,666</u>

Interest rates range from 0.00% to 4.30% on bonds and notes. The City paid \$507,252 in interest on debt obligations for the year ended June 30, 2009.

# CITY OF OSKALOOSA

## Notes to Financial Statements - Continued

June 30, 2009

### (4) LONG-TERM DEBT - CONTINUED

On June 30, 2009, the general obligation debt issued by the City did not exceed its legal debt margin compiled as follows:

Assessed valuation		<u>\$ 475,984,098</u>
Debt limit - 5% of total valuation		\$ 23,799,205
Debt applicable to debt limit:		
General obligation bonds	\$ 3,385,000	
General obligation notes	<u>4,105,000</u>	<u>7,490,000</u>
Legal debt margin		<u>\$ 16,309,205</u>

A summary of the City's June 30, 2009 general obligation bonds, general obligation notes, revenue bonds and revenue capital loan notes principal and interest maturities is as follows:

Year Ending June 30,	Total General Obligation Bonds		Total General Obligation Notes	
	Principal	Interest	Principal	Interest
2010	\$ 425,000	\$ 124,467	\$ 495,000	\$ 145,710
2011	435,000	109,968	475,000	130,075
2012	455,000	94,592	370,000	114,400
2013	480,000	78,238	280,000	102,210
2014	500,000	60,583	290,000	92,725
2015-2019	1,090,000	93,712	1,180,000	325,698
2020-2024	-	-	1,015,000	103,800
Total	<u>\$ 3,385,000</u>	<u>\$ 561,560</u>	<u>\$ 4,105,000</u>	<u>\$1,014,618</u>

Year Ending June 30,	Total General Revenue Bonds		Total Revenue Capital Loan Notes		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 173,000	\$ 96,720	\$ 369,677	\$ 69,505	\$ 1,462,677	\$ 436,402
2011	179,000	91,530	379,676	56,805	1,468,676	388,377
2012	184,000	86,160	368,000	43,485	1,377,000	338,638
2013	189,000	80,640	210,000	30,300	1,159,000	291,388
2014	195,000	74,970	217,000	24,000	1,202,000	252,278
2015-2019	1,067,000	283,470	583,000	33,660	3,920,000	736,540
2020-2024	1,237,000	113,520	-	-	2,252,000	217,320
Total	<u>\$ 3,224,000</u>	<u>\$ 827,010</u>	<u>\$ 2,127,353</u>	<u>\$ 257,755</u>	<u>\$12,841,353</u>	<u>\$ 2,660,943</u>

## CITY OF OSKALOOSA

### Notes to Financial Statements - Continued

June 30, 2009

#### **(4) LONG-TERM DEBT - CONTINUED**

The resolutions provided for the issuance of the sewer revenue bonds and revenue capital loan notes include the following provisions:

- A. The bonds will only be redeemed from the future earnings of the enterprise activity and the bond holders hold a lien on the future earnings of the fund.
- B. Sufficient monthly transfers shall be made to a sanitary sewer sinking account for the purpose of making the bond principal and interest payments when due.
- C. Sufficient monthly transfers to the sanitary sewer reserve account shall be made until a specific minimum balance has been accumulated. This account is restricted for the purpose of making bond principal and interest payments should there be insufficient funds available in the sinking account. As of June 30, 2009, \$535,564 of cash and investments is in the reserve account.
- D. The City must establish and maintain a sewer improvements account. Money in the improvement account, not otherwise specifically limited by other provisions, shall be used solely for the purpose of paying principal of or interest on the bonds when there is insufficient money in the sinking account and the reserve account; and to the extent not required for the foregoing, to pay the cost of extraordinary maintenance expenses or repairs, renewals and replacements not included in the annual budget; payments of rentals on any part of the system or payments due for any property purchased as part of the system and for capital improvements to the system. As of June 30, 2009, \$31,383 of cash and investments is in the improvement account.
- E. All amounts remaining in the sanitary sewer revenue account after the payment of all maintenance and operating expenses and required transfers shall be placed in the sanitary sewer surplus revenue fund. This account is restricted for the purpose of paying for any improvement, extension or repair to the system or for bond and interest payments which the other accounts might be unable to make.
- F. The City must maintain net sewer revenues of at least 110 percent of the next fiscal year's debt service payment.

The Iowa Finance Authority loaned the City \$1,515,000 on March 31, 1994; \$2,671,000 on February 16, 1996; \$1,585,000 on November 27, 2002; and \$4,017,000 on December 6, 2002, which are evidenced by the issue of Sewer Revenue Bonds and Sewer Revenue Capital Loan Notes for the other issues. Principal and interest payments on the Iowa Department of Natural Resources loans are treated as payments on the Revenue Bonds and Notes.

On May 14, 2008, the City acquired airport equipment through a 0% credit card purchase that is repaid in thirty-six (36) monthly payments of \$390 per month. The balance at June 30, 2009 was \$9,353.

## CITY OF OSKALOOSA

### Notes to Financial Statements - Continued

June 30, 2009

#### (4) LONG-TERM DEBT - CONTINUED

##### Capital Leases

Golf carts and other golf equipment leases: The City is leasing golf carts and other golf equipment under two capital leases. The balance of the leases total \$64,313 as of June 30, 2009. On the golf equipment lease, annual payments are \$22,133 including interest at 5.58 percent. On the golf cart lease, monthly payments are \$1,392 from May through October of each year, including interest at 5.6 percent. The lease is collateralized by the golf carts and equipment.

As of June 30, 2009, the present value of future minimum capital lease payments are as follows:

June 30,	Capital Leases
2010	\$ 30,485
2011	<u>37,783</u>
Total minimum lease payments	68,268
Less amount representing interest	<u>3,955</u>
Presenting value of net minimum capital lease payments	<u>\$ 64,313</u>

##### Compensated Absences:

City employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate maximum liability for earned compensated absences payable to employees and the benefits that would be payable on this liability as of June 30, 2009 primarily relating to the General, Road Use Tax and Sanitary Sewer Funds, is as follows:

Type of Benefit:	
Vacation	\$ 128,314
Sick leave	725,392
Comp time	<u>29,523</u>
Total	<u>\$ 883,229</u>

The liability has been computed based on rates of pay in effect at June 30, 2009.

Sick leave is payable for fire and police union employees when used or upon full service retirement or death, for other union employees, upon retirement, 20 years of full time employment or death, and for nonunion employees upon twenty years of service or death. If paid upon retirement or death, half or one-quarter of the total accumulated hours are paid at the then effective hourly rate for that employee. Based on this computation, the maximum accumulated sick leave payable is approximately \$361,513 as of June 30, 2009.

## **CITY OF OSKALOOSA**

### **Notes to Financial Statements - Continued**

June 30, 2009

#### **(4) LONG-TERM DEBT - CONTINUED**

##### **Housing Assistance Fund:**

The City entered into a loan agreement with the Iowa Finance Authority to finance a program to encourage the construction of affordable housing. The City may draw up to \$510,000 and will lend the proceeds to contractors/developers for construction or rehabilitation of homes for families with incomes of 80 percent to 110 percent of the Mahaska County median income. Each draw is due to the state the earlier of nine months from draw date or payment by the contractor to the City. The loan has an attached grant agreement that reduces the interest rate to 3 percent; however, the rate is 10 percent in the event of default. The balance of the loan is \$0 as of June 30, 2009.

#### **(5) PENSION AND RETIREMENT SYSTEMS**

Two retirement systems, the Iowa Public Employee Retirement System (IPERS) and the Municipal Fire and Police Retirement System of Iowa are in effect for employees of the City. Each of the systems is required by state law to be funded on an actuarial basis, by contributions sufficient to fully fund benefits being credited. One employee, the City Manager, is not covered by the systems mentioned previously, but is covered under the International City Management Association Retirement Corporation (ICMA). All systems are contributory and all full-time employees must participate in one of the retirement systems.

##### **IPERS:**

The City contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the state of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Most regular Plan members are required to contribute 4.10 percent of their annual covered salary and the City is required to contribute 6.35 percent of annual covered salary. Contribution requirements are established by state statute. The City's contribution to IPERS for the years ended June 30, 2009, 2008 and 2007 were \$105,192, \$102,335 and \$93,921, respectively, which meet the required minimum contribution each year.

##### **Municipal Fire and Police Retirement System of Iowa:**

The City contributes to the Municipal Fire and Police Retirement System of Iowa (the Plan), which is a cost-sharing, multiple-employer defined benefit pension plan administered by a Board of Trustees. The Plan provides retirement, disability and death benefits which are established by state statute to plan members and beneficiaries. The Plan issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Municipal Fire and Police Retirement System of Iowa, 7155 Lake Drive, Suite 201, West Moines, Iowa 50266.

## **CITY OF OSKALOOSA**

### **Notes to Financial Statements - Continued**

June 30, 2009

#### **(5) PENSION AND RETIREMENT SYSTEMS - CONTINUED**

##### **Municipal Fire and Police Retirement System of Iowa: - Continued**

Plan members are required to contribute 9.35 percent of earnable compensation and the City's contribution rate cannot be less than 18.75 percent of earnable compensation for the year ended June 30, 2009. Contribution requirements are established by state statute. The City's contribution to the Plan for the years ended June 30, 2009, 2008, and 2007 were \$203,506, \$257,906 and \$290,482, respectively, which met the required contribution rate for each year.

#### **(6) RISK MANAGEMENT AND SELF-INSURED MEDICAL PLAN**

The City of Oskaloosa, Iowa has a self-insured Health Care Plan for City employees accounted for in internal service fund. A fixed monthly fee per participating employee is paid to an insurance administrative company to administer the Plan and evaluate claims. The funds of the City are charged a premium based on a range of rates recommended by the third party administrator.

The City escrows funds each month to be used to pay medical claims incurred. The maximum exposure to the City for claims incurred is limited by the "Stop-loss" feature of the Plan. The maximum exposure for one individual, excluding listed exceptions, in a twelve-month period is \$40,000. The maximum aggregate excess risk insurance is \$1,000,000 per policy period and the maximum specific excess risk insurance per covered person is \$2,000,000 per lifetime.

As of June 30, 2009, the Plan held \$613,138 in cash and investments. The estimate of the claims liability was \$103,000 for June 30, 2009 and \$89,000 for June 30, 2008, and includes claims reported but not settled and those incurred but not reported. Claim payments as of June 30, 2009 and 2008 were \$451,281 and \$593,185, respectively.

The City of Oskaloosa is also exposed to various risks related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

#### **(7) DEFICIT CASH BALANCES**

On June 30, 2009, individual funds with deficit balances were as follows:

Internal Service:	
Copier/Fax Revolving	\$ (1,363)

This temporary cash shortfall is financed through short-term advances made by other funds within the fund type.

# CITY OF OSKALOOSA

## Notes to Financial Statements - Continued

June 30, 2009

### (8) INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2009 is as follows:

<u>Transfer to</u> General	<u>Transfer from</u> Special Revenue	<u>Amount</u>
	Employee Benefits	\$ 857,464
	Emergency	73,364
	2009 Disaster Relief - Winter	<u>7,449</u>
		<u>938,277</u>
Special Revenue	Special Revenue	
2008 IFA State Housing	2009 IFA State Housing	<u>8</u>
Housing Fund	Special Revenue	
	Housing - First Time Home Buyer	<u>295</u>
Grant and Lincoln School Dev.	Special Revenue	
	2008 IFA State Housing	<u>19,608</u>
Community Disaster Grant	Enterprise	
	Storm Water	<u>10,709</u>
2008 Disaster Relief Floods	Enterprise	
	Sewer	<u>1,047</u>
Debt Service	Special Revenue	
	Tax Increment Financing	<u>380,598</u>
Capital Projects	Debt Service	3,590
	General	<u>7</u>
		<u>3,597</u>
Enterprise	Special Revenue	
Sewer	2008 Disaster Relief - Winter	770
	Enterprise	
	Edmundson Golf Course	<u>11,303</u>
		<u>12,073</u>
Edmundson Golf Course	Special Revenue	
	2008 Disaster Relief - Winter	98
	Enterprise	
	Sewer	<u>277</u>
		<u>375</u>
Airport	General	<u>4,191</u>
		<u>\$ 1,370,778</u>

## **CITY OF OSKALOOSA**

### **Notes to Financial Statements - Continued**

June 30, 2009

#### **(8) INTERFUND TRANSFERS - CONTINUED**

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

#### **(9) POST-EMPLOYMENT BENEFITS**

Employees who resign or their employment is terminated (for reasons other than gross misconduct on their part), or if work hours are reduced, and consequently the employee's dependents are no longer eligible to participate in the group health insurance are offered the following post-employment benefit option:

Health insurance - The option of continuing with the City's health insurance plan at the employee's own cost for up to eighteen months. If the employee is determined to be disabled under the Social Security Act at the time of their termination or reduction in hours, they may be entitled to continuation coverage for up to twenty-nine months.

There are 62 active and 2 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through a self funded plan with stop loss coverage through Sun Life and Health Insurance Company Central States. Retirees under age 65 pay the similar premiums for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy - The contribution requirements of plan members are established and may be amended by the City. The City currently finances the retiree benefit plan on a pay-as-you-go-basis. The most recent active member monthly premiums for the City and plan members are \$523 for single coverage and \$1,263 for family coverage per month. The same monthly premiums apply to retirees. For the year ended June 30, 2009, the City contributed \$795,159 to the plan.

The City has entered into an agreement with the City Manager which formally indentifies the financial obligation of the City to them in the event of an involuntary employment termination. The severance agreement provides for a termination payment equal to six months of wages plus six months of medical insurance benefits. The compensation rate is based upon the compensation paid to the applicable employee at the time of termination.

#### **(10) CONSTRUCTION COMMITMENTS**

The City has several construction commitments to be financed from capital projects funds. The total outstanding construction commitments of the City as of June 30, 2009 is approximately \$2,410,000.



## **CITY OF OSKALOOSA**

### **Notes to Financial Statements - Continued**

June 30, 2009

#### **(11) ECONOMIC DEVELOPMENT**

The City entered into a development agreement on December 18, 2002. This agreement calls for the City to make economic development tax rebate payments each year out of incremental taxes received by the City. Payments totaling \$175,000 were made during the years ended June 30, 2009 and 2008 under this agreement. The total amount to be paid under this agreement is not to exceed the lesser of \$588,744, the developer's cost to construct the public improvement or the actual tax increments available to the City.

#### **(12) RELATED PARTY TRANSACTIONS**

The City had business transactions between the City and City officials totaling \$1,542 during the year ended June 30, 2009.

## **Required Supplementary Information**

CITY OF OSKALOOSA

Budgetary Comparison Schedule of Receipts, Disbursements, and Changes in Balances -  
Budget and Actual (Cash Basis) - All Governmental Funds and Enterprise Funds  
Required Supplementary Information

Year ended June 30, 2009

	Governmental Funds Actual	Enterprise Funds Actual	Total	Budgeted Amounts			Adjusted Final	Final to Actual Variance- Positive (Negative)
				Original	Final	Adjustment (1)		
Receipts:								
Property tax	\$4,093,455	\$ -	\$ 4,093,455	\$ 3,840,293	\$ 4,081,915	\$ -	\$ 4,081,915	\$ 11,540
Tax increment financing collections	557,391	-	557,391	560,289	560,289	-	560,289	(2,898)
Other City tax	1,186,318	-	1,186,318	1,278,554	1,274,166	-	1,274,166	(87,848)
Licenses and permits	258,457	-	258,457	217,250	221,850	-	221,850	36,607
Use of money and property	223,895	251,464	475,359	418,276	431,451	(40,255)	391,196	84,163
Intergovernmental	1,607,090	207,307	1,814,397	3,651,526	3,528,386	(828,104)	2,700,282	(885,885)
Charges for service	142,558	1,956,215	2,098,773	3,690,011	3,734,333	(1,592,968)	2,141,365	(42,592)
Special assessments	7,095	3,724	10,819	-	7,114	-	7,114	3,705
Miscellaneous	581,313	20,242	601,555	399,795	542,377	(4,656)	537,721	63,834
Total receipts	8,657,572	2,438,952	11,096,524	14,055,994	14,381,881	(2,465,983)	11,915,898	(819,374)
Disbursements:								
Public safety	2,357,418	-	2,357,418	2,393,422	2,442,597	-	2,442,597	85,179
Public works	1,378,116	-	1,378,116	1,220,812	1,409,713	-	1,409,713	31,597
Culture and recreation	1,109,723	-	1,109,723	1,072,722	1,179,976	-	1,179,976	70,253
Community and economic development	1,616,088	-	1,616,088	2,711,616	2,735,390	(840,848)	1,894,542	278,454
General government	616,803	-	616,803	580,310	673,042	-	673,042	56,239
Debt service	1,398,181	-	1,398,181	1,427,307	1,398,182	-	1,398,182	1
Capital projects	1,423,322	-	1,423,322	3,238,050	2,747,620	-	2,747,620	1,324,298
Business-type activities	-	2,515,041	2,515,041	9,786,090	6,863,721	(4,286,797)	2,576,924	61,883
Total disbursements	9,899,651	2,515,041	12,414,692	22,430,329	19,450,241	(5,127,645)	14,322,596	1,907,904
Excess (deficiency) of receipts over (under) disbursements	(1,242,079)	(76,089)	(1,318,168)	(8,374,335)	(5,068,360)	2,661,662	(2,406,698)	1,088,530
Other financing sources (uses)	181,336	(1,696)	179,640	6,231,680	3,109,861	(2,942,861)	167,000	12,640
Excess (deficiency) of receipts over (under) disbursements and other financing uses	(1,060,743)	(77,785)	(1,138,528)	(2,142,655)	(1,958,499)	(281,199)	(2,239,698)	1,101,170
Balances beginning of year	8,083,399	1,582,239	9,665,638	9,507,543	10,965,978	-	10,965,978	(1,300,340)
Balances end of year	<u>\$7,022,656</u>	<u>\$1,504,454</u>	<u>\$ 8,527,110</u>	<u>\$ 7,364,888</u>	<u>\$ 9,007,479</u>	<u>\$ (281,199)</u>	<u>\$ 8,726,280</u>	<u>\$ (199,170)</u>

See accompanying independent auditor’s report.

## **CITY OF OSKALOOSA**

### **Required Supplemental Information**

#### **Notes To Required Supplementary Information - Budgetary Reporting**

June 30, 2009

The budgetary comparison schedule is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the general fund and each major special revenue fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except internal service funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the general fund, special revenue funds, debt service fund, capital project funds and enterprise funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, two budget amendments decreased budgeted disbursements by \$2,980,088. The budget amendments are reflected in the final budget amount.

- (1) Budgeted items for component units of the Housing Agency and Waterworks utility are removed because related actual receipts and disbursements are not included, see Note 1.

## **Other Supplementary Information**

CITY OF OSKALOOSA

Schedule of Cash Receipts, Disbursements  
and Changes in Cash and Investment Balances (Deficits)  
Nonmajor Governmental Funds

As of and for the year ended June 30, 2009

Special Revenue								
Hotel Motel Tax	Emergency	Urban Renewal Tax Increment	2009 IFA State Housing	Housing Donated Funds	2008 IFA State Housing	Housing Fund	FHLB Owner Rehab	Home ADDI
Receipts:								
Property tax	\$ -	\$ 70,672	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tax increment financing	-	-	557,391	-	-	-	-	-
Other City tax	87,995	2,692	-	-	-	-	-	-
Use of money and property	-	-	3,279	-	-	4,772	-	-
Intergovernmental	-	-	-	94,181	-	-	-	-
Charges for services	-	-	-	-	-	2,878	-	-
Miscellaneous	-	-	-	-	68,700	198,911	10,501	28,800
Total receipts	87,995	73,364	560,670	94,181	68,700	206,561	10,501	28,800
Disbursements:								
Operating:								
Public safety	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Culture and recreation	87,995	-	-	-	-	-	-	-
Community and economic development	-	-	175,000	8,261	64,433	147,066	23,123	28,800
Total disbursements	87,995	-	175,000	8,261	64,433	147,066	23,123	28,800
Excess (deficiency) of receipts over (under) disbursements	-	73,364	385,670	85,920	4,267	(46,116)	(12,622)	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Operating transfers in	-	-	-	-	8	295	-	-
Operating transfers out	-	(73,364)	(380,597)	(9)	(19,607)	-	-	-
Total other financing sources (uses)	-	(73,364)	(380,597)	(9)	(19,599)	295	-	-
Net change in cash and investment balances	-	-	5,073	85,911	4,267	(65,715)	(12,622)	-
Cash and investment balances, beginning of year	-	-	15,239	-	61,275	65,715	12,622	-
Cash and investment balances, end of year	\$ -	\$ -	\$ 20,312	\$ 85,911	\$ 65,542	\$ 113,943	\$ -	\$ -
Cash Basis Fund Balances								
Unreserved:								
Special revenue funds	\$ -	\$ -	\$ 20,312	\$ 85,911	\$ 65,542	\$ 113,943	\$ -	\$ -
Total cash basis fund balances	\$ -	\$ -	\$ 20,312	\$ 85,911	\$ 65,542	\$ 113,943	\$ -	\$ -

See accompanying independent auditor’s report.

CITY OF OSKALOOSA

Schedule of Cash Receipts, Disbursements  
and Changes in Cash and Investment Balances (Deficits)  
Nonmajor Governmental Funds

As of and for the year ended June 30, 2009

	Special Revenue								
	Grant & Lincoln School Dev.	Housing First Time Home Buyer	Mahaska Memory Project	Public Library Memorial	France Library Memorial	Miscellaneous Gifts	Drug Control Safety Program	Wooden Playground Maintenance	Police Forfeiture
Receipts:									
Property tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tax increment financing	-	-	-	-	-	-	-	-	-
Other City tax	-	-	-	-	-	-	-	-	-
Use of money and property	-	-	51	17,153	24	883	-	48	29
Intergovernmental	-	-	-	1	-	-	-	-	-
Charges for services	-	-	-	844	-	-	-	-	3,863
Miscellaneous	1	-	750	52,020	-	24,875	250	-	-
Total receipts	1	-	801	70,018	24	25,758	250	48	3,892
Disbursements:									
Operating:									
Public safety	-	-	-	-	-	16,063	155	-	810
Public works	-	-	-	-	-	456	-	-	-
Culture and recreation	-	-	4,230	85,217	6,770	202	-	579	-
Community and economic development	87,831	-	-	-	-	-	-	-	-
Total disbursements	87,831	-	4,230	85,217	6,770	16,721	155	579	810
Excess (deficiency) of receipts over (under) disbursements	(87,830)	-	(3,429)	(15,199)	(6,746)	9,037	95	(531)	3,082
Other financing sources (uses):									
Sale of capital assets	160,000	-	-	2,977	-	-	-	-	6,850
Operating transfers in	19,608	-	-	-	-	-	-	-	-
Operating transfers out	-	(295)	-	-	-	-	-	-	-
Total other financing sources (uses)	179,608	(295)	-	2,977	-	-	-	-	6,850
Net change in cash and investment balances	91,778	(295)	(3,429)	(12,222)	(6,746)	9,037	95	(531)	9,932
Cash and investment balances, beginning of year	(34,943)	295	5,714	410,026	6,746	39,599	664	2,377	834
Cash and investment balances, end of year	\$ 56,835	\$ -	\$ 2,285	\$ 397,804	\$ -	\$ 48,636	\$ 759	\$ 1,846	\$ 10,766
<b>Cash Basis Fund Balances</b>									
Unreserved:									
Special revenue funds	\$ 56,835	\$ -	\$ 2,285	\$ 397,804	\$ -	\$ 48,636	\$ 759	\$ 1,846	\$ 10,766
Total cash basis fund balances	\$ 56,835	\$ -	\$ 2,285	\$ 397,804	\$ -	\$ 48,636	\$ 759	\$ 1,846	\$ 10,766

See accompanying independent auditor’s report.

CITY OF OSKALOOSA

Schedule of Cash Receipts, Disbursements  
and Changes in Cash and Investment Balances (Deficits)  
Nonmajor Governmental Funds - Continued

As of and for the year ended June 30, 2009

	Special Revenue						Total
	Miscellaneous Grants	Community Disaster Grant	2008 Disaster Relief Winter	2008 Disaster Relief Floods	Preserve America Grant	WFP Rise Payment	
Receipts:							
Property tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70,672
Tax increment financing	-	-	-	-	-	-	557,391
Other City tax	-	-	-	-	-	-	90,687
Use of money and property	66	-	-	-	-	-	26,305
Intergovernmental	33,551	2,670	8,318	-	52,639	-	191,360
Charges for services	-	-	-	-	-	-	7,585
Miscellaneous	3,896	-	-	3,859	-	16,216	408,779
Total receipts	37,513	2,670	8,318	3,859	52,639	16,216	1,352,779
Disbursements:							
Operating:							
Public safety	40,904	-	-	-	-	-	57,932
Public works	-	13,379	-	-	-	-	13,835
Culture and recreation	-	-	-	-	52,639	-	237,632
Community and economic development	-	-	-	-	-	16,216	596,846
Total disbursements	40,904	13,379	-	-	52,639	16,216	906,245
Excess (deficiency) of receipts over (under) disbursements	(3,391)	(10,709)	8,318	3,859	-	-	446,534
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	169,827
Operating transfers in	-	10,709	-	1,047	-	-	31,667
Operating transfers out	-	-	(8,318)	-	-	-	(482,190)
Total other financing sources (uses)	-	10,709	(8,318)	1,047	-	-	(280,696)
Net change in cash and investment balances	(3,391)	-	-	4,906	-	-	165,838
Cash and investment balances, beginning of year	9,645	-	-	(4,906)	-	-	645,055
Cash and investment balances, end of year	\$ 6,254	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 810,893
Cash Basis Fund Balances							
Unreserved:							
Special revenue funds	\$ 6,254	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 810,893
Total cash basis fund balances	\$ 6,254	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 810,893

See accompanying independent auditor’s report.



## CITY OF OSKALOOSA

Schedule of Cash Receipts, Disbursements and Changes in Cash and Investment Balances  
Nonmajor Enterprise Funds

As of and for the year ended June 30, 2009

	Airport	Storm Water	Edmundson Golf Course	RACI Main Street Loans	Total
Operating receipts:					
Charges for service	\$ -	\$ 225,623	\$ 174,468	\$ -	\$ 400,091
Use of money and property	130,476	-	81,380	-	211,856
Total operating receipts	130,476	225,623	255,848	-	611,947
Operating disbursements:					
Business type activities	104,580	101,669	217,341	-	423,590
Total operating disbursements	104,580	101,669	217,341	-	423,590
Excess (deficiency) of operating receipts over (under) operating disbursements	25,896	123,954	38,507	-	188,357
Non-operating receipts (disbursements)					
Intergovernmental	207,307	-	-	-	207,307
Interest on investments	403	2,143	77	252	2,875
Miscellaneous	3,489	-	1,350	458	5,297
Sale of equipment	10,800	-	-	-	10,800
Capital Projects	(218,218)	-	-	-	(218,218)
Debt Service	-	-	(30,484)	-	(30,484)
Total non-operating receipts (disbursements)	3,781	2,143	(29,057)	710	(22,423)
Excess of receipts over disbursements	29,677	126,097	9,450	710	165,934
Transfers:					
Operating transfer in	4,191	-	375	-	4,566
Operating transfer out	-	(10,709)	(11,302)	-	(22,011)
Net transfers	4,191	(10,709)	(10,927)	-	(17,445)
Net change in cash and investment balances	33,868	115,388	(1,477)	710	148,489
Cash and investment balances, beginning of year	19,966	52,716	23,515	15,351	111,548
Cash and investment balances, end of year	<u>\$ 53,834</u>	<u>\$ 168,104</u>	<u>\$ 22,038</u>	<u>\$ 16,061</u>	<u>\$ 260,037</u>
<b>Cash Basis Fund Balances</b>					
Unreserved	<u>\$ 53,834</u>	<u>\$ 168,104</u>	<u>\$ 22,038</u>	<u>\$ 16,061</u>	<u>\$ 260,037</u>
Total cash basis fund balances	<u>\$ 53,834</u>	<u>\$ 168,104</u>	<u>\$ 22,038</u>	<u>\$ 16,061</u>	<u>\$ 260,037</u>

See accompanying independent auditor's report.

## CITY OF OSKALOOSA

Schedule of Cash Receipts, Disbursements and  
Changes in Cash and Investment Balances  
Internal Service Funds

As of and for the year ended June 30, 2009

	Copier/Fax Revolving	Health Insurance	Flex Benefit Plan	Total
Receipts:				
Use of money and property	\$ -	\$ 8,611	\$ 26	\$ 8,637
Charges for services:				
Premiums	-	795,160	-	795,160
Copier and fax services	3,010	-	-	3,010
Miscellaneous	-	-	460	460
Miscellaneous:				
Sale of supplies	194	-	-	194
Flex elections	-	-	46,207	46,207
Refunds/reimbursements	-	2,184	-	2,184
Total receipts	3,204	805,955	46,693	855,852
Disbursements:				
Nonprogram:				
Contractual and contractual services	-	623,368	43,246	666,614
Commodities	4,891	-	-	4,891
Total disbursements	4,891	623,368	43,246	671,505
Excess (deficiency) of operating receipts over (under) operating disbursements	(1,687)	182,587	3,447	184,347
Cash and investment balances, beginning of year	324	430,551	-	430,875
Cash and investment balances, end of year	\$ (1,363)	\$ 613,138	\$ 3,447	\$ 615,222

See accompanying independent auditor's report.

CITY OF OSKALOOSA

Schedule of Cash Receipts, Disbursements and Changes in Cash and Investment Balances  
Capital Project Funds

As of and for the year ended June 30, 2009

	Park Shelter Cap Improvement	City Hall Window Project	Child Care Center	High Avenue West Revitalization	Highway 63 North Underpass	Downtown Streetscape Project	Industrial Park Street Project	Railroad Crossings Project	Sidewalk Improvement Project	North I & M Avenue West Project	2008 G.O. Bond	2008 Refunding Bond	Intrafund Transfers Elimination	Total
Receipts:														
Use of money and property:														
Interest on investments	\$ 4,320	\$ 26	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 215	\$ -	\$ -	\$ -	\$ -	\$ 4,561
Intergovernmental	-	-	7,463	114,108	9,355	-	157,660	-	-	11,999	-	-	-	300,585
Special assessments	-	-	-	-	-	-	-	-	2,825	-	-	-	-	2,825
Miscellaneous	-	-	-	-	2,339	65,437	44,182	-	-	-	-	-	-	111,958
Total receipts	4,320	26	7,463	114,108	11,694	65,437	201,842	-	3,040	11,999	-	-	-	419,929
Disbursements:	3,964	98	7,463	114,108	11,694	363,655	374,267	9,034	69	200,438	334,027	4,505	-	1,423,322
Excess (deficiency) of receipts over (under) disbursements	356	(72)	-	-	-	(298,218)	(172,425)	(9,034)	2,971	(188,439)	(334,027)	(4,505)	-	(1,003,393)
Other financing sources:														
Sale of property	-	2,414	-	-	-	-	-	-	-	-	-	-	-	2,414
Operating transfers in	-	-	-	7	-	-	33,814	-	-	188,439	-	4,505	(223,168)	3,597
Operating transfers (out)	-	-	-	-	-	-	-	-	-	-	(223,168)	-	223,168	-
	-	2,414	-	7	-	-	33,814	-	-	188,439	(223,168)	4,505	-	6,011
Net change in cash and investment balances	356	2,342	-	7	-	(298,218)	(138,611)	(9,034)	2,971	-	(557,195)	-	-	(997,382)
Cash and invesment balances, beginning of year	4,373	295	-	(7)	-	565,792	138,611	22,263	8,863	-	2,968,688	-	-	3,708,878
Cash and investment balances, end of year: unreserved	\$ 4,729	\$ 2,637	\$ -	\$ -	\$ -	\$ 267,574	\$ -	\$ 13,229	\$ 11,834	\$ -	\$2,411,493	\$ -	\$ -	\$2,711,496

See accompanying independent auditor’s report.

CITY OF OSKALOOSA

Schedule of Indebtedness

Year ended June 30, 2009

Obligation	Date of Issue	Interest Rates	Amount Originally Issued	Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Interest Due and Unpaid
General Obligation Bonds:									
Edmundson Pool renovation	Sept 1, 2004	3.20 - 3.90%	\$ 1,600,000	\$ 1,410,000	\$ -	\$ 180,000	\$ 1,230,000	\$ 49,470	\$ -
Street and park equipment, housing improvements	Sept 1, 2004	3.30 - 3.80	640,000	475,000	-	70,000	405,000	16,750	-
Industrial Park Street, Railroad Crossings, Downtown Streetscaping	Dec 6, 2006	3.70 - 3.90	1,955,000	1,905,000	-	155,000	1,750,000	71,587	-
Total				\$ 3,790,000	\$ -	\$ 405,000	\$ 3,385,000	\$ 137,807	\$ -
General Obligation Notes:									
Refunding	Jan 1, 2002	5.50%	\$ 1,015,000	\$ 165,000	\$ -	\$ 165,000	\$ -	\$ 9,075	\$ -
Refunding	Feb 15, 2003	3.30 - 3.50	1,505,000	545,000	-	210,000	335,000	17,595	-
Refunding	Apr 23, 2008	2.80 - 3.30	1,065,000	1,065,000	-	165,000	900,000	35,353	-
Equipment, Street and Sewer Improvements	May 1, 2008	3.50 - 4.00	3,000,000	3,000,000	-	130,000	2,870,000	120,551	-
Total				\$ 4,775,000	\$ -	\$ 670,000	\$ 4,105,000	\$ 182,574	\$ -
Revenue Bonds, Capital Loan Notes and Other Notes:									
Sewer capital loan notes	Mar 31, 1994	3.00%	\$ 1,515,000	\$ 282,000	\$ -	\$ -	\$ 282,000	\$ 8,493	\$ -
Sewer capital loan notes	Feb 16, 1996	3.00	2,671,000	1,460,000	-	144,000	1,316,000	43,800	-
Sewer revenue refunding capital loan notes	Nov 27, 2002	4.00 - 4.30	1,585,000	690,000	-	170,000	520,000	27,940	-
Sewer revenue bonds	Dec 6, 2002	3.00	4,017,000	3,387,000	5,000	168,000	3,224,000	101,706	-
Airport mower	May14, 2008	0.00	14,030	14,030	-	4,677	9,353	-	-
Total				\$ 5,833,030	\$ 5,000	\$ 486,677	\$ 5,351,353	\$ 181,939	\$ -
Capital Leases:									
Golf equipment	Jul 18, 2005	5.58%	\$ 99,139	\$ 40,687	\$ -	\$ 19,769	\$ 20,918	\$ 2,364	\$ -
Golf carts	Aug 10, 2005	5.6013	62,805	49,179	-	5,784	43,395	2,568	-
Total				\$ 89,866	\$ -	\$ 25,553	\$ 64,313	\$ 4,932	\$ -

See accompanying independent auditor’s report.

CITY OF OSKALOOSA

Schedule of Bond and Note Maturities

June 30, 2009

	General Obligation Bonds and Notes												
	Edmundson Pool Renovation Issued September 1, 2004		Streets and Park Equipment Housing Improvements Issued September 1, 2004		Industry Park Street Railroad Crossings, Downtown Streetscaping Issued December 6, 2006		Refunding, Frankel Building, City Hall Improvements (Notes) Issued February 15, 2003		Street, Sewer Improvements and Equipment (Notes) Issued May 1, 2008		Refunding General Obligation (Notes) Issued April 23, 2008		
Year Ending June 30,	Interest		Interest		Interest		Interest		Interest		Interest		Total
	Rates	Amount	Rates	Amount	Rates	Amount	Rates	Amount	Rates	Amount	Rates	Amount	
2010	3.20%	\$ 185,000	3.30%	\$ 75,000	3.70%	\$ 165,000	3.30%	\$ 215,000	3.50%	\$ 100,000	2.80%	\$ 180,000	\$ 920,000
2011	3.40	190,000	3.50	75,000	3.70	170,000	3.50	120,000	3.50	165,000	3.00	190,000	910,000
2012	3.50	200,000	3.60	80,000	3.70	175,000	-	-	3.50	180,000	3.10	190,000	825,000
2013	3.65	210,000	3.70	85,000	3.70	185,000	-	-	3.50	175,000	3.20	105,000	760,000
2014	3.75	220,000	3.80	90,000	3.70	190,000	-	-	3.50	175,000	3.25	115,000	790,000
2015	3.90	225,000	-	-	3.75	205,000	-	-	3.50	190,000	3.30	120,000	740,000
2016	-	-	-	-	3.80	210,000	-	-	3.50	220,000	-	-	430,000
2017	-	-	-	-	3.85	220,000	-	-	3.60	210,000	-	-	430,000
2018	-	-	-	-	3.90	230,000	-	-	3.70	215,000	-	-	445,000
2019	-	-	-	-	-	-	-	-	3.75	225,000	-	-	225,000
2020	-	-	-	-	-	-	-	-	4.00	235,000	-	-	235,000
2021	-	-	-	-	-	-	-	-	4.00	250,000	-	-	250,000
2022	-	-	-	-	-	-	-	-	4.00	260,000	-	-	260,000
2023	-	-	-	-	-	-	-	-	4.00	270,000	-	-	270,000
2024	-	-	-	-	-	-	-	-	-	-	-	-	-
Total		<u>\$ 1,230,000</u>		<u>\$ 405,000</u>		<u>\$ 1,750,000</u>		<u>\$ 335,000</u>		<u>\$ 2,870,000</u>		<u>\$ 900,000</u>	<u>\$ 7,490,000</u>

See accompanying independent auditor’s report.

CITY OF OSKALOOSA

Schedule of Bond and Note Maturities

June 30, 2009

	Revenue Bonds and Notes										
	Sewer Revenue Capital Loan Notes Issued March 31, 1994		Sewer Revenue Capital Loan Notes Issued February 16, 1996		Sewer Revenue Refunding Capital Loan Notes Issued November 27, 2002		Sewer Revenue Bonds Issued December 6, 2002		Airport Mower Issued May 14, 2008		
Year Ending June 30,	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Total
2010	3.00%	\$ 42,000	3.00%	\$ 148,000	4.00%	\$ 175,000	3.00%	\$ 173,000	- %	\$ 4,677	\$ 542,677
2011	3.00	43,000	3.00	152,000	4.15	180,000	3.00	179,000	-	4,676	558,676
2012	3.00	46,000	3.00	157,000	4.30	165,000	3.00	184,000	-	-	552,000
2013	3.00	48,000	3.00	162,000	-	-	3.00	189,000	-	-	399,000
2014	3.00	50,000	3.00	167,000	-	-	3.00	195,000	-	-	412,000
2015	3.00	53,000	3.00	172,000	-	-	3.00	201,000	-	-	426,000
2016	-	-	3.00	177,000	-	-	3.00	207,000	-	-	384,000
2017	-	-	3.00	181,000	-	-	3.00	213,000	-	-	394,000
2018	-	-	-	-	-	-	3.00	220,000	-	-	220,000
2019	-	-	-	-	-	-	3.00	226,000	-	-	226,000
2020	-	-	-	-	-	-	3.00	233,000	-	-	233,000
2021	-	-	-	-	-	-	3.00	240,000	-	-	240,000
2022	-	-	-	-	-	-	3.00	247,000	-	-	247,000
2023	-	-	-	-	-	-	3.00	255,000	-	-	255,000
2024		-	-	-	-	-	3.00	262,000	-	-	262,000
Total		<u>\$ 282,000</u>		<u>\$ 1,316,000</u>		<u>\$ 520,000</u>		<u>\$ 3,224,000</u>		<u>\$ 9,353</u>	<u>\$5,351,353</u>

See accompanying independent auditor’s report.

## CITY OF OSKALOOSA

Schedule of Receipts by Source and Disbursements by Function -  
All Governmental Funds

For the Years Ended

	Years ended June 30,					
	2009	2008	2007	2006	2005	2004
Receipts:						
Property tax	\$4,093,455	\$ 3,966,087	\$3,880,396	\$3,953,084	\$3,635,079	\$3,538,506
Other City tax	1,743,709	1,745,001	1,643,292	1,631,480	1,735,966	1,601,922
Licenses and permits	258,457	232,545	229,410	226,789	186,466	171,987
Use of money and property	223,895	307,762	262,233	201,733	115,941	69,652
Intergovernmental	1,607,090	1,508,153	1,411,324	1,318,346	1,285,278	1,378,573
Charges for services	142,558	153,814	141,263	99,772	44,514	55,510
Special assessments	7,095	5,285	6,880	4,547	6,080	8,564
Miscellaneous	581,313	381,549	537,372	550,252	588,255	859,850
Total	<u>\$8,657,572</u>	<u>\$8,300,196</u>	<u>\$8,112,170</u>	<u>\$7,986,003</u>	<u>\$7,597,579</u>	<u>\$7,684,564</u>
Disbursements:						
Operating:						
Public safety	\$2,357,418	\$2,437,104	\$2,213,413	\$2,187,115	\$2,003,707	\$1,845,529
Public works	1,378,116	1,252,542	1,051,131	911,216	939,256	977,036
Culture and recreation	1,109,723	1,010,016	1,020,716	900,014	809,170	830,989
Community and economic development	1,616,088	1,674,031	1,658,849	1,584,287	1,586,488	1,429,596
General government	616,803	551,333	540,973	530,248	518,914	550,653
Debt service	1,398,181	2,768,353	1,629,279	1,651,904	1,621,126	1,455,698
Capital projects	1,423,322	1,043,651	479,296	1,499,891	880,326	787,059
Total	<u>\$9,899,651</u>	<u>\$10,737,030</u>	<u>\$8,593,657</u>	<u>\$9,264,675</u>	<u>\$8,358,987</u>	<u>\$7,876,560</u>

See accompanying independent auditor's report.

## CITY OF OSKALOOSA

### Miscellaneous Data (Unaudited)

June 30, 2009

Form of government	Mayor/Council
Area	7.4 square miles
Building permits, fiscal year ending June 30, 2009	
Permits issued	195
Estimated costs	\$13,389,622
Fire protection:	
Number of stations	1
Number of full-time fire fighters	8
Police protection:	
Number of stations	1
Number of full-time officers	17
Recreation:	
Number of parks	5
Number of acres	205
Number of swimming pools	1
Employees of City as of June 30, 2009	181
Schools:	
Public	3
Parochial	1
Population:	
1900	9,212
1910	9,466
1920	9,427
1930	10,123
1940	11,024
1950	11,124
1960	11,053
1970	11,224
1980	10,989
1990	10,600
2000	10,938





## MARTENS & COMPANY, CPA, LLP

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**Independent Auditor's Report on Internal Control  
Over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance with  
Government Auditing Standards**

To the Honorable Mayor and  
Members of the City Council:

We have audited the accompanying primary government financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Oskaloosa, Iowa as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements listed in the table of contents and have issued our report thereon dated October 21, 2009. Our report expressed unqualified opinions on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the primary government of the City of Oskaloosa's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency and a deficiency we consider to be a material weakness.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with an other comprehensive basis of accounting such that there is more than a remote likelihood a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. We consider the deficiency in internal control described in Part II of the accompanying Schedule of Findings to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by the City of Oskaloosa's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe item II-A-09 is a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the primary government of the City of Oskaloosa's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of non-compliance or other matter that is described in Part III of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2009 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

The City of Oskaloosa's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we expressed our conclusions on the City's responses, we did not audit the City of Oskaloosa's responses, and accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Oskaloosa and other parties to whom the City of Oskaloosa may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Oskaloosa during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

*Martens & Company, CPA, LLP*

West Des Moines, Iowa  
October 21, 2009

## **CITY OF OSKALOOSA**

### **Schedule of Findings**

Year ended June 30, 2009

#### **Part I: Summary of the Independent Auditor's Results:**

- (a) An unqualified opinion was issued on the financial statements of the primary government of the City, which were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.
- (b) A significant deficiency in internal control over financial reporting is disclosed by the audit of the financial statements, including a material weakness.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.

## CITY OF OSKALOOSA

### Schedule of Findings - Continued

Year ended June 30, 2009

#### **Part II: Findings Related to the Financial Statements:**

##### **INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

##### **SIGNIFICANT DEFICIENCY:**

II-A-09      Segregation of Duties - A good internal control system contemplates an adequate segregation of duties so that no one individual handles a transaction from its inception to its completion. The two employees in the City Clerk's office collect cash receipts, record collections and maintain custody of collections until deposit. As a result, the City has an inadequate segregation of duties over cash receipts.

Recommendation - We recommend segregating the duties of collecting cash receipts and posting them to the general ledger.

Response - This recommendation is accepted. The City will look to realign and reassign duties where practical.

Conclusion - Response accepted.

## CITY OF OSKALOOSA

### Schedule of Findings - Continued

Year ended June 30, 2009

#### **Part III: Other Findings Related to Required Statutory Reporting:**

- III-A-09 Certified Budget - Disbursements during the year ended June 30, 2009 did not exceed amounts budgeted.
- III-B-09 Questionable Disbursements - No disbursements were noted that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- III-C-09 Travel Expense - No disbursements of City money for travel expenses of spouses of City officials or employees were noted. No travel advances to City officials or employees were noted.
- III-D-09 Business Transactions - Business transactions between the City and City officials or employees are detailed as follows:

Name	Title	Business Connection	Transaction Description	Amount/ Gross	Exemption	Reason
Gladys Genskow	pool manager	Gensko Distributions	concession supplies	\$ 316	\$ 316	Chapter 362.5(10)
Tom Jimenez	council member	Oskaloosa Quality Rental	rental	675	675	Chapter 362.5(10)
Pam Blomgren	council member	The Write Design	library materials	550	550	Chapter 362.5(10)

Chapter 362.5 of the Code of Iowa prohibits transactions with a city officer that has an interest, direct or indirect, in any contract or job of work material or the profits thereof or services to be furnished or performed for the officer's or employee's city. A contract entered into in violation of this section is void. The provisions of this section do not apply if the purchases benefitting that officer or employee do not exceed a cumulative total purchase price of \$1,500.

- III-E-09 Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- III-F-09 Council Minutes - No transactions were found that we believe should have been approved in the Council minutes but were not. The City published the minutes of the Council proceedings as required by Chapter 372.13(6) of the Code of Iowa.
- III-G-09 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy.

## CITY OF OSKALOOSA

### Schedule of Findings - Continued

Year ended June 30, 2009

#### **Part IV: Other Findings Related to Required Statutory Reporting - Continued:**

- III-H-09 Revenue Bonds - The City established the sinking and reserve accounts required by the sanitary sewer bonds resolution.
- III-I-09 Payment of General Obligation Bonds - General obligation bond payments were paid from the Debt Service Fund in compliance with Chapter 384.4 of the Code of Iowa.
- III-J-09 Economic Development - We noted no instances of noncompliance with the public purpose provisions of Chapter 15A of the Code of Iowa pertaining to economic development.
- III-K-09 Notice of Public Hearing for Public Improvements - We noted no instances of noncompliance with the Chapters 384.102 and 362.3 of the Code of Iowa.
- III-L-09 Sales Tax - We noted no instances of noncompliance with Sections 701-26.71 and 701-26.72 of the Iowa Department of Revenue and Finance Administrative Rules and Regulations.
- III-M-09 Financial Condition - The City operates on the basis of cash receipts and cash disbursements; therefore, fund balances are not applicable. However, the following funds had a deficit balance as of June 30, 2009:

Internal Service, Copier/Fax Revolving \$ (1,363)

Recommendation - The City should investigate alternatives to eliminate the deficits in order to return the funds to sound financial position.

Response - The deficit balance will be eliminated with increased charges for services.

Conclusion - Response accepted.